

TORONTO STOCK EXCHANGE

FILING STATEMENT No. 884.
FILED, FEBRUARY 28th. 1963.

PONDER OILS LIMITED

Full corporate name of Company
Incorporated 15 June 1951 by Memorandum and Articles of Association
under the provisions of The Companies Act (Alberta)
Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

Reference is made to previous
Filing Statement No. 558.

(To be filed with respect to any material change in a company's affairs, including among other things,
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	(a) The Company's wholly-owned subsidiary, Universal Printers Ltd. (hereinafter called "Universal") has borrowed from Capital Funds (I.A.C.) Limited the sum of \$610,000, details of which are set forth in Schedule "A" annexed to this Filing Statement. (Schedule "A" on pages 2 & 3). (b) Universal entered into management agreements with Graphic Management & Investments Ltd., Glennis Investments Ltd. and Rijo Investments Ltd., details of which are set forth in Schedule "A". These agreements have now been terminated, such termination to be effective July 31, 1963. (c) The Company has granted to Wilbert L. Falconer and George R. Gibson, options to subscribe for shares of the Company, details of which are set forth in Item 6 below.
2. Head office address and any other office address.	806 Lancaster Building, Calgary, Alberta
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	President and Director: W. L. Falconer, 806 Lancaster Bldg., Calgary, Alberta - General Manager and President, Ponder Oils Ltd., 1951 to date. Vice-President and Director: George R. Gibson, 505 Midland National Bank Bldg., Midland, Texas - Geological Consultant Secretary: Howard F. Gain, 300 Bentall Bldg., Calgary, Alta. - Barrister and Treasurer, Ass't Sec'y and Director: Solicitor Donnie Clay, 806 Lancaster Bldg., Calgary, Alta. - Secretary Ass't Treas., Ass't Sec'y and Director: Lydia S. Walsh, 215-20 27th Ave., Bayside 60, N.Y. - Secretary
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized: 4,000,000 Common shares having nominal or par value of 50¢ each, and 15,000 - 6% Cumulative Redeemable Preferred shares having a par value of \$100. each. Outstanding: 2,605,700 Common shares as fully paid and non-assessable, and 8,334 - 6% Cum. Red. Pref. shares as fully paid and non-assessable.
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	The Company has hypothecated to The Royal Bank of Canada, to secure bank liabilities (now amounting to \$80,000) - 8,000 Common shares of Universal Printers Ltd., being all of the issued shares of that Company. Upon release by the said Bank of these shares, the same are hypothecated to Capital Funds (I.A.C.) Limited to secure the loan of \$610,000 made by Capital Funds (I.A.C.) Limited to Universal Printers Ltd., details of which are set forth in Schedule "A", (Schedule "A" on pages 2 & 3).
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	On 18th January 1962 the Company granted to Wilbert L. Falconer, the President and General Manager of the Company, an option to purchase 100,000 Common shares of the par value of 50¢ each in the capital stock of the Company, and to George R. Gibson, the Vice-President of the Company, Universal Printers Ltd. and Discovery Inc. (wholly-owned subsidiaries) and General Manager of Discovery Inc., an option to purchase 40,000 Common shares of the par value of 50¢ each in the capital stock of the Company. The option price is 74.6¢ per share payable in cash on exercise either in whole or in part at any time and from time to time up to and including 17th January 1965. The granting of these options was approved at the Annual General Meeting of the shareholders of the Company held on 23rd March 1962.
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	Wilbert L. Falconer, 806 Lancaster Bldg., Calgary, Alberta and George R. Gibson, 505 Midland National Bank Bldg., Midland, Texas are the only persons having an interest in the optioned shares referred to in Item 6.
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None.
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The proceeds of the loan of \$610,000 obtained by Universal Printers Ltd. from Capital Funds (I.A.C.) Limited has been applied in payment of liabilities of that Company, details of which are set forth in Schedule "A". (Schedule "A" on pages 2 & 3).

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Schedule "A" to Filing Statement of
PONDER OILS LTD.
dated the 12th day of February 1963.

BORROWING:

A. On 26th February 1962, Universal Printers Ltd. (hereinafter called "Universal") borrowed from Jo-Ric Investments Ltd., a Manitoba company with its head office at the City of Winnipeg, the sum of \$150,000, repayable on 31st July 1962 with interest from 1st March 1962 at the rate of \$2,000.00 per month commencing on 31st March 1962 and on the last day of each month thereafter to and including 31st July 1962.

The proceeds of this loan were expended by Universal in acquiring additional printing equipment and as security therefor Universal granted to Jo-Ric Investments Ltd. a chattel mortgage secured as a first charge on the additional printing equipment. The borrowing of this \$150,000 and the granting of the security was approved by the shareholders of the Company at the Annual General Meeting held on 23rd March 1962.

B. On 13th July 1962, Universal borrowed from Capital Funds (I.A.C.) Limited, a body corporate having its head office at the City of Montreal, Quebec, the sum of \$610,000 with interest at the rate of 12% per annum, repayable as follows:

- Two consecutive monthly instalments of \$3,000 each, on 15th July and August 1962;
- Twelve consecutive monthly instalments of \$7,000 each, commencing 15th September 1962;
- Four consecutive monthly instalments of \$10,000 each, commencing 15th September 1963;
- Twelve consecutive monthly instalments of \$12,000 each, commencing 15th January 1964;
- Twelve consecutive monthly instalments of \$14,000 each, commencing 15th January 1965;
- Balance on 30th January 1966.

Interest on the principal sum from time to time advanced or so much as remains unpaid at the rate of 12% per annum, to be paid on the same dates as principal.

As security for the said loan, Universal has executed and delivered to and in favour of Capital Funds (I.A.C.) Limited the following:

- (a) A promissory note in the principal amount of \$610,000;
- (b) A real property mortgage secured upon the real property of Universal situate in the City of Winnipeg;
- (c) A chattel mortgage secured upon the printing plant, equipment and other chattels of Universal;
- (d) An hypothecation by Universal of 8,334 - 6% Cumulative Redeemable Preferred shares of Ponder Oils Ltd. owned by Universal;
- (e) A general assignment of book debts of Universal, subject to the prior assignment in favour of The Royal Bank of Canada;
- (f) An assignment of the proceeds of a policy of life insurance in the amount of \$150,000 effected by Universal on the life of W. L. Falconer.

As additional security for the said loan the Company has executed and delivered to and in favour of Capital Funds (I.A.C.) Limited the following:

- (a) An unconditional guarantee of the repayment of principal and interest owed by Universal to Capital Funds (I.A.C.) Limited;
- (b) An hypothecation of 8,000 Common shares of Universal, subject to a prior hypothecation in favour of The Royal Bank of Canada.

The first advance of \$390,000 with respect to this loan was advanced by Capital Funds (I.A.C.) Limited on 27th July 1962, and disbursed as follows:

- (a) To Jo-Ric Investments Ltd., \$150,000 in payment and discharge of the chattel mortgage dated 26th February 1962;
- (b) To Jo-Ric Investments Ltd., \$130,000 in repayment and discharge of the chattel mortgage dated 19th July 1960;
- (c) To G. R. Investment Co. Ltd., \$110,000 in payment of the instalment due on 1st August 1962 under the real property and chattel mortgage securing \$330,000. Upon the making of this payment the chattel mortgage in favour of G. R. Investment Co. Ltd. secured as a second charge upon the chattels of Universal has been paid and discharged;
- (d) Accrued interest and bonus payments on prepayment were made from the general funds of Universal.

The real property mortgage in favour of Capital Funds (I.A.C.) Limited is a second charge on the real property of Universal, subject to the first charge of G. R. Investment Co. Ltd. securing \$220,000. The chattel mortgage in favour of Capital Funds (I.A.C.) Limited is a first charge on the printing plant, equipment and chattels of Universal. On or before 1st August 1963, Capital Funds (I.A.C.) Limited will advance the balance of the loan of \$220,000 in payment and discharge of the balance owing to G. R. Investment Co. Ltd., and the real property mortgage in favour of Capital Funds (I.A.C.) will become a first charge on the real property of Universal.

The borrowing by Universal of the sum of \$610,000 and the granting of the securities was approved by the shareholders of Ponder Oils Ltd. at the Annual General Meeting held on 23rd March 1962.

MANAGEMENT CONTRACTS:

In substitution for the management contract between Universal and Graphic Management & Investments Ltd. which expired on 31st December 1961, Universal has entered into management agreements with Glennis Investments Ltd. (hereinafter called "Glennis"), Rijo Management Ltd. (hereinafter called "Rijo") and Graphic Management & Investments Ltd. (hereinafter called "Graphic") under which each of these companies will supply certain management plant supervision, administrative and sales services to the Company for the period 1st January 1962 to 31st December 1963 at the following remuneration:

- (i) Glennis - annual remuneration \$24,000 plus bonus equal to 25% of the aggregate of 10% of first \$450,000 of annual net profit of Universal and 20% of annual net profits in excess of \$450,000;
- (ii) Rijo - annual remuneration \$24,000 plus bonus equal to 25% of the aggregate of 10% of first \$450,000 of annual net profit of Universal and 20% of annual net profits in excess of \$450,000;
- (iii) Graphic - annual remuneration \$22,000 plus bonus equal to 50% of the aggregate of 10% of first \$450,000 of annual net profit of Universal and 20% of annual net profits in excess of \$450,000.

It is intended that these management contracts will be submitted to the shareholders for approval at the next Annual General Meeting.

All of these management contracts have been terminated by Universal Printers Ltd., pursuant to the terms thereof; such termination to be effective as of 31st July 1963.

FINANCIAL STATEMENTS

PONDER OILS LTD. AND WHOLLY-OWNED SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1962
(with comparative figures for 1961)

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The notes to financial statements are an integral part of the above statement and should be read in conjunction therewith.

PONDER OILS LTD. AND WHOLLY-OWNED SUBSIDIARIES

STATEMENT OF PROFIT AND LOSS AND DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1962
(with comparative figures for 1961)

	<u>1962</u>	<u>1961</u>
Profit from operations after interest on long-term debt 1962 - \$59,582.58, 1961 - \$15,540.00 and provision for depreciation and depletion, 1962 - \$86,001.29, 1961 - \$64,350.13	\$256,521.00	\$289,359.33
Other income (Note 3)	<u>45,146.70</u>	<u>18,924.72</u>
Profit before income taxes	301,667.70	308,284.05
Provision for income taxes	<u>116,048.57</u>	<u>143,101.82</u>
Net profit for the year	185,619.13	165,182.23
Deficit at beginning of year	(228,864.06)	(391,026.33)
Adjustment of prior years' income taxes	-	(54,769.95)
Gain on realization of investments	<u>-</u>	<u>51,749.99</u>
Deficit at end of year	<u>(\$ 43,244.93)</u>	<u>(\$228,864.06)</u>

The notes to financial statements are an integral part of the above statement and should be read in conjunction therewith.

PONDER OILS LTD. AND WHOLLY-OWNED SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

Note -

1. For purposes of computing taxes on income the companies claimed depreciation in an amount greater than that recorded in the accounts. Accumulated reduction in income taxes applicable to future years represents amounts applicable to future periods when the depreciation charged for income tax purposes may be less than the amounts recorded in the accounts.
2. Options are outstanding whereby certain employees may purchase 140,000 shares at a price of 74.6¢ per share on or before January 17, 1965. A further 125,000 shares are reserved for future issuance under stock option plans which may be granted to employees.
3. Other income includes an amount of \$29,496.42 received on account of 1961 oil production as a result of a favorable settlement of a title dispute.

PONDER OILS LTD. AND WHOLLY-OWNED SUBSIDIARIES

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1962

Source of Funds:

Funds provided by operations -		
Net profit for the year	\$185,619.13	
Add charges not requiring funds -		
Depreciation and depletion	86,001.29	
Provision for income taxes applicable to future periods	<u>23,500.00</u>	
		\$295,120.42
Increase in non-current portion of mortgages payable		176,333.00
Realization of note receivable and accrued interest		79,135.91
Loss on disposal of fixed assets		<u>833.37</u>
Total Funds Provided		<u>\$551,422.70</u>

Application of Funds:

Purchase of fixed assets, net	\$ 67,467.09
Charges to deferred foreign exchange	1,699.95
Decrease in working capital deficiency	<u>482,255.66</u>
Total Funds Applied	<u>\$551,422.70</u>

10. Brief statement of company's chief development work during past year.	Since the Company's last Filing Statement dated 26 January 1961, its oil and gas development has been confined to Discovery Inc. Fourteen additional oil and gas wells were drilled in Martin County, Texas, in which the Company has an overriding royalty. In addition a farmout involving 960 acres in Martin County, Texas, in which Discovery Inc. has a 1/16 working interest, has been taken and the first well drilled successfully. Settlement of a short-term loan has resulted in the acquisition by the Company of a 25% working interest in 292 acres in Rio Blanco County, Colorado, on which nine wells are producing - which interest has been assigned to Discovery Inc. Development on this acreage during the year was confined to re-working and deepening three wells. Universal Printers Ltd. has expanded its printing facilities in Winnipeg since December 1961, and now has working a new 4-color rotary offset press and a new rubber-plate rotary letter press. This expansion has been planned and reported over the past two years.
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	None
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	None
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	None
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	* Textor & Co., c/o Marine Midland Trust Co. of New York, 120 Broadway, New York, N. Y. 735,544 shares Wilbert L. Falconer, 806 Lancaster Bldg., Calgary 283,751 shares Parrish & Co., 40 Wall Street, New York, N.Y. 161,850 shares F. Leroy Hill, 841 N. Main St., Rockford, Ill. 52,000 shares Hoos & Co., c/o Marine Midland Trust Co. of New York - 120 Broadway, New York, N.Y. 36,000 shares * - It is believed that Textor & Co. is a nominee and that these shares are beneficially owned by the Executors of the Estate of Oliver H. Payne, deceased.
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Textor & Co., c/o Marine Midland Trust Co. of New York, New York, N. Y. Wilbert L. Falconer, 806 Lancaster Bldg., Calgary, Alberta
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	Discovery Inc. - \$1,000.00 (at cost) Universal Printers Ltd. - \$1,800,000.00 (at cost) both companies being wholly-owned subsidiaries.
18. Brief statement of any lawsuits pending or in process against company or its properties.	None
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	No shares of the Company are in the course of primary distribution to the public.

CERTIFICATE OF THE COMPANY

DATED 12th February 1963.

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"W.L. Falconer"

PONDER OILS LTD.

CORPORATE
SEAL

"D. Clay"

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)